

TRANSCO WORKSTREAM REPORT

"Title to Gas in LNG facilities"

Version 1.0

1 Background to the Modification Proposal

British Gas Trading (BGT) raised Modification Proposal 0571 to reflect the concerns held by itself and other LNG Storage Users that gas stored in LNG facilities was held by the Storage Operator rather than by the Users themselves. This Report should be read in conjunction with the Reports previously submitted to the August, September and October Modification Panels.

2 Sub-Group Discussions 12 November and 10 December 2002

Prior to the November meeting of the Planning and Security (including Storage) Sub-Group (PSS), the Proposer submitted a document containing suggestions on how the original Proposal might be amended in order to address the issues raised in previous discussions. At the November meeting of the Sub-Group this document was discussed together with a response from Transco LNG. The Sub-Group concluded that whilst progress had been made, there were some outstanding issues that needed to be addressed by the Proposer's legal advisors. In parallel with this, Transco was requested to consider whether an alternate Proposal should be submitted in order to progress the Proposal.

At the December PSS meeting the Proposer stated that it was unable at that stage to table a further document but expected to be in that position prior to the January 2003 PSS meeting. The Sub-Group asked whether Transco had considered making an alternate proposal. Transco responded that it did not believe submission of an alternate to be appropriate. It suggested instead that if the Proposer continued to develop the principles with the assistance of the Sub-Group, then it would be able to withdraw this existing Modification Proposal and submit a new Modification Proposal.

3 Recommendation.

The recommendation to the Modification Panel is therefore:

That Modification Proposal 0571 should remain with the NT&T Workstream.